

Message Text

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PAGE 01 LONDON 07681 211157Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 XMB-02 EB-07 ARA-06 TRSE-00 L-02 SP-02

AID-05 NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1321

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 07681

DEPARTMENT PASS TREASURY AND EXPORT-IMPORT BANK

E.O. 11652: GDS

TAGS: CU, UK, XMB, EFIN

SUBJECT: UK EXPORT CREDIT AGREEMENT WITH CUBA

1. THE UK AND CUBA HAVE SIGNED AN ANGLO-CUBAN COOPERATION AGREEMENT WHICH PROVIDES FOR THE ESTABLISHMENT OF A UK-CUBAN JOINT COMMISSION AND THE EXTENSION OF EXPORT CREDITS VALUED AT 250 MILLION POUNDS. DR. CARLOS RODRIGUEZ, THE CUBAN DEPUTY PRIME MINISTER, IN ANNOUNCING THE AGREEMENT, IS REPORTED TO HAVE STATED THAT GIVEN CUBA'S STATUS AS A DEVELOPING COUNTRY, THE INTEREST RATE ON THE CREDIT WOULD BE LESS THAN 7-1/2 PERCENT.

2. ECGD SOURCE STRONGLY DENIES THAT THE TERMS OF THE CREDIT WILL BE BELOW 7-1/2 PERCENT. SOURCE INDICATED THAT THE AGREEMENT IS NOTHING MORE THAN A "STATEMENT OF INTENT" THAT ECGD WILL EXTEND NORMAL EXPORT CREDIT COVERAGE UP TO A TOTAL VALUE OF 250 MILLION POUNDS IN ACCORDANCE WITH NORMAL ECGD OPERATIONS. THE AGREEMENT, ACCORDING TO SOURCE, DOES NOT CONTAIN ANY MENTION OF INTEREST RATES.

3. PRES REPORTS STATE THAT ABOUT 40 MILLION POUNDS OF THE

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PAGE 02 LONDON 07681 211157Z

CREDIT IS ALREADY TIED TO SPECIFIC CONTRACTS, AND IF CUR-

RENT NEGOTIATIONS FOR 3 FERTILIZER CONTRACTS ARE SUCCESS-
FULLY COMPLETED, THE TOTAL ACCOUNTED FOR WOULD BE ABOUT
125 MILLION POUNDS. (TOTAL UK-CUBAN TRADE IN 1974 WAS A-
BOUT 44 MILLION POUNDS WITH A SMALL SURPLUS IN THE UK'S
FAVOR.) THE REMAINDER OF THE CREDIT IS EXPECTED TO BE USED
OVER THE NEXT TWO YEARS.

RICHARDSON

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Message Attributes

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